

Basically, what has happened is that even with the lower tax rates today, wealthy people are paying more in revenues to the Federal Government than at any time in history. Today the top 20 percent of people in this country who have income are paying about 85 percent of the tax burden.

Let me restate that. The top 20 percent of people with income in this country are paying 85 percent of the Federal tax burden. Under the Clinton years, the top 20 percent of people with income paid 81 percent of the Federal tax burden. So even though we have cut rates, we have actually created more revenues from high-income individuals.

Again, you are going to say: How does that happen? Again, it is called human nature. If you have a high-income situation, individuals with a high income, they could either invest in opportunities which are going to produce taxable events or not produce taxable events. They have the position to do that. So if you have a fair tax rate they will take the risk. They will make the decision. They will be the entrepreneurs who create the job. As a result, they will make an investment which is taxable. But if you have a tax rate that is too high, which is what the other side of the aisle likes to have, then you basically create an atmosphere where these folks are going to go out and invest a fair amount of their money in things that are tax avoidance, legal tax avoidance but tax avoidance. They are going to invest in nontaxable events, stocks and bonds that do not generate income to them that is taxable.

What we have done is we have created a tax law where essentially high-income people are willing to go out and take risks and do it in a taxable way that generates revenue back to the United States. As a result, we have the top 20 percent of American income earners pay more in taxes today, significantly more than they did under the Clinton years.

The alternative is also fairly interesting. At the low end of the income scale, the bottom 40 percent of people who have income do not basically pay income taxes. Obviously, they pay withholding taxes, but as a practical matter that segment of our society pays virtually nothing in income taxes. They get money back, in fact, on the earned-income tax credit and other benefits the Federal Government puts in place.

Under the law today, under President Bush's law, those bottom 40 percent of income earners are now getting about twice as much back from the Federal Government as they did under the Clinton years. So what is the combined effect of these two facts, of these two things? The tax law—even though we are generating a lot more revenue for the Federal Government, even though we are well over that mean number of 18.2 percent of gross national product, even though we have had jumps in rev-

enue of 11 percent, 9 percent, 15 percent—we actually have a tax law today that is generating more revenue but is also more progressive. High-income individuals are paying more of the tax burden. Low-income people are getting more money back from the Federal Government.

There is another factor that needs to be pointed out, and that is what is happening to senior citizens. Senior citizens disproportionately benefit from a low dividend tax rate. Why? It is logical, obviously. Most seniors are retired. If they have income, it is going to be Social Security, some pension program, or dividends, and most pension programs also involve dividends. So senior citizens are really the people who are benefitting the most from a low dividend tax rate. Yet the folks on the other side of the aisle have just passed a budget where they want to jump the tax rate on dividends by 100 percent. They want to go from a 15-percent tax rate to a 30-percent tax rate on dividends. Who are they going to hit? They are going to hit senior citizens, primarily. That is the people they are going to hit.

If you look at the proposals from the other side of the aisle, they come out of a 1930s philosophy of economics, which was pretty soundly rejected in the 1960s, the 1970s, the 1980s, and the 1990s, but they are still attracted to it.

It is a theory that says you just raise taxes. The Federal Government will get more money, and we will spend it for you. In other words, there is a theory that says we are smarter than you. We have been elected to the Senate. We are good members of the Democratic Party. We know more than you know. Therefore, we should take your money and we should spend it for you and we can spend it more effectively than you can spend it.

That is a philosophy that should and has been rejected as we move toward a much more market-oriented economy. It is also a philosophy that presumes the higher taxes always generate more revenue to the Federal Government, which is not true. Higher taxes, actually, in many instances reduce revenues to the Federal Government because they reduce economic activity. They certainly reduce expansion of the economy, and they reduce the creation of jobs.

Three Presidents have proved beyond any reasonable doubt when you lower income tax rates, you generate economic expansion because people are just people. They just have common sense. If they know they are going to be able to keep more of their money, they are willing to go out and work harder to get more money. But they also know if the Federal Government is going to take more of their money, and a disproportionate amount of their money, they are not going to work quite so hard. They are not going to take that risk. They are not going to create that restaurant or open that little small business, create those jobs,

because they don't want to have to pay all of their money to the Federal Government.

President Kennedy knew that and that is why he cut income tax rates and was successful in generating revenue to the Federal Government. President Reagan knew that and he cut income tax rates. As a result, the revenue to the Federal Government jumped and the economy expanded. President Bush has shown it once again: Cut income tax rates, expand the economy, and as a result get a fair tax level and human nature kicks in and revenues flow into the Federal Treasury.

What is unique about President Bush's initiatives is that at the same time he has cut rates, he created this much more progressive system which I just outlined. The fact that high-income taxpayers are now paying so much more of the Federal share of income taxes than they did under the Clinton years, and lower income individuals are getting much more back than they did under the Clinton years, makes for a more progressive system. It also disproportionately benefits senior citizens, people on fixed incomes, because of the dividend rate.

Unfortunately, though, we now have the Democrats presenting to us a budget which wants to take us to the French path, which essentially is going to dramatically increase the cost to the Federal Government, to Americans, and as a result dramatically increase the tax level on Americans. We will go down that path that France has gone down.

I have to tell you, it doesn't work in France. Productivity is not up in France. Jobs are not being created in France. People don't want to go out and work harder in France. And they certainly do not have a more progressive or effective economic system than we have in the United States.

I think we should reject the Democratic approach under their budget of raising taxes and stay with this tax law that is raising so much new revenue and is so progressive and has such a strong benefit for senior citizens.

I yield the floor.

I make a point of order a quorum is not present.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mrs. BOXER. I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. CASEY). Without objection, it is so ordered.

#### CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Morning business is closed.

WATER RESOURCES  
DEVELOPMENT ACT OF 2007

The PRESIDING OFFICER. Under the previous order, the Senate will resume consideration of H.R. 1495, which the clerk will report.

The legislative clerk read as follows:

A bill (H.R. 1495) to provide for the conservation and development of water and related resources, to authorize the Secretary of the Army to construct various projects for improvements to rivers and harbors of the United States, and for other purposes.

Pending:

Boxer/Inhofe amendment No. 1065, in the nature of a substitute.

Boxer (for Feingold) amendment No. 1086 (to amendment No. 1065), to establish a Water Resources Commission to prioritize water resources projects in the United States.

Reid (for Levin/Reid) amendment No. 1097 (to the language proposed to be stricken by amendment No. 1065), to provide for military readiness and benchmarks relative to Iraq.

Reid amendment No. 1098 (to amendment No. 1097), to provide for a transition of the Iraq mission.

Coburn amendment No. 1089 (to amendment No. 1065), to prioritize Federal spending to ensure the needs of Louisiana residents who lost their homes as a result of Hurricanes Katrina and Rita are met before spending money to design or construct a non-essential visitors center.

Coburn amendment No. 1090 (to amendment No. 1065), to prioritize Federal spending to ensure the residents of the city of Sacramento are protected from the threat of floods before spending money to add sand to beaches in San Diego.

AMENDMENT NO. 1090

The PRESIDING OFFICER. Under the previous order, the time until 11:45 a.m. shall be equally divided for debate with respect to amendment No. 1090 between the Senator from California and the Senator from Oklahoma or their designees.

The Senator from California.

Mrs. BOXER. Mr. President, I have a parliamentary inquiry because I don't know when my ranking member will be here. Do I understand the Chair correctly that I would have 15 minutes and he would have 15 minutes, so I should conclude my remarks after such time?

The PRESIDING OFFICER. The Senator from California has 13 minutes.

Mrs. BOXER. Will the Presiding Officer please let me know when that time has come?

The PRESIDING OFFICER. Yes.

Mrs. BOXER. Mr. President, I am pleased that the Water Resources Development Act of 2007 is on the floor of the Senate and that Members on both sides of the aisle are very supportive of this legislation. This legislation authorizes the projects and policies of the Civil Works Program of the Army Corps of Engineers. Again, it has very strong support across party lines.

I think it is important for the Senate to know, as well as the American people, that this bill is long overdue. Seven years ago, we passed the last WRDA bill. What does that mean? It means that very important flood con-

trol projects, wetlands restoration, environmental projects, clean water projects—so many of these projects have been delayed. When we are talking about the Nation's economy and public safety and the environment, these are things we all want to address. We address them in this bill. The beauty of it is that although Senator INHOFE and I have some deep differences on issues, this is one bill we both strongly support, and across the board we see support.

Every day I have come to the floor to talk about WRDA. I have stressed the strong support in the country for this legislation. I read yesterday from various letters of support. I want to call to Senators' attention—when they arrive to vote on the first amendment, which I hope we will all be opposing, or at least the vast majority of us—on their desks they will find, due to the good work of our pages, the letters of support I referred to yesterday. We have an amazing coalition. We have the National Association of Manufacturers supporting this bill. We have the American Farm Bureau Federation supporting this legislation, with a direct letter. We have a letter from the National Waterways Conference supporting this bill. We have the Audubon Society supporting this legislation. For those who may not be aware, it is a society of more than 1 million members and supporters who work very hard to restore America's natural resources. We have them supporting this bill. We have the American Society of Civil Engineers supporting this bill. We have the National Construction Alliance, which is made up of the Laborers International Union, the International Union of Operating Engineers, and the United Brotherhood of Carpenters and Joiners of America. This is about as broad a coalition as we can have. It concludes with a letter from the Associated General Contractors of America. We have a bill that, as the National Construction Alliance says, is a \$13.9 billion authorization of Corps projects which is a necessary first step in addressing our country's serious backlog of water projects, from harbor improvement, to flood protection, to lock and dam construction, dredging, and environmental infrastructure.

That is what we address in this very important bill.

We certainly have many contentious debates on the floor of this Senate. We are going to have one again on Iraq. It tugs at the heartstrings. It is very difficult. But this is one piece of legislation which should not be difficult for us. Senator INHOFE and I share a commitment to shoring up our Nation's infrastructure, including our water resources. We have a true partnership on this issue. I hope colleagues will join with us, as we work through the amendments. There will be some amendments we can support, but we have made a pact that even if there are some amendments each of us individually supports, if the four top members

of the Environment and Public Works Committee have not agreed on them, we will be forced to vote no. This is not a pleasant situation for either of us. We think it is the way to maintain the delicate balance of the legislation, because the bill is a product of bipartisanship.

I mentioned the other two members of the committee who have worked so hard, Senators BAUCUS and ISAKSON. I thank them.

The whole country is looking to see what we do to help the victims of Hurricane Katrina and what we do to move forward so that we don't see another tragedy as we witnessed recently. About 25 percent of this bill is directed at Louisiana. We have gone very far to meet their needs. We do understand we haven't done 100 percent of what they need, but there will be other WRDAs, and there may well be a couple of amendments on which we can move forward. We don't know at this particular point.

We have waited 7 long years for this bill. We are going to be having a vote at a quarter of 12.

Before I yield to my good friend and colleague, the ranking member of the committee, for his comments, I hope everyone will join in voting no on the Coburn amendment. What he does in his amendment is, he has decided—and he is here in the Chamber now—that one of the projects in California should wait until another project in California is totally funded.

I call this amendment the Russian roulette amendment because the project he wants to delay is an important project in the San Diego area. It is the city of Imperial Beach. There is a very important project the Corps is recommending where the local match will be paid—the initial stages, 30 percent; the final stages, 50 percent. We are talking about protecting 2,083 businesses. There are 812 nonrental property businesses and 1,271 rental properties. We are talking about 22 retail businesses, 217 businesses located along the beachfront, 195 are rental, and 19 businesses near the shoreline. What we are talking about doing is a project that is so cost-effective, it has met every criteria. It has gone through every phase. We received a letter from the mayor which clearly states they will be picking up their share.

This is a project which needs to move forward. You don't say to somebody in the southern part of a State: You don't deserve this flood protection until someone in the northern part of the State gets flood protection. We have to do it all. This is the United States of America. California, if we were a nation, would be the fifth largest economy in the world.

All Members have a right to their opinion and a right to offer amendments. I support my colleague's right to do so. But it is absolutely wrong. He will present it as some kind of a beach project. He makes it sound as if what we are doing is protecting a beach.